MAJESTIC WILEY
1977 ANNUAL REPORT

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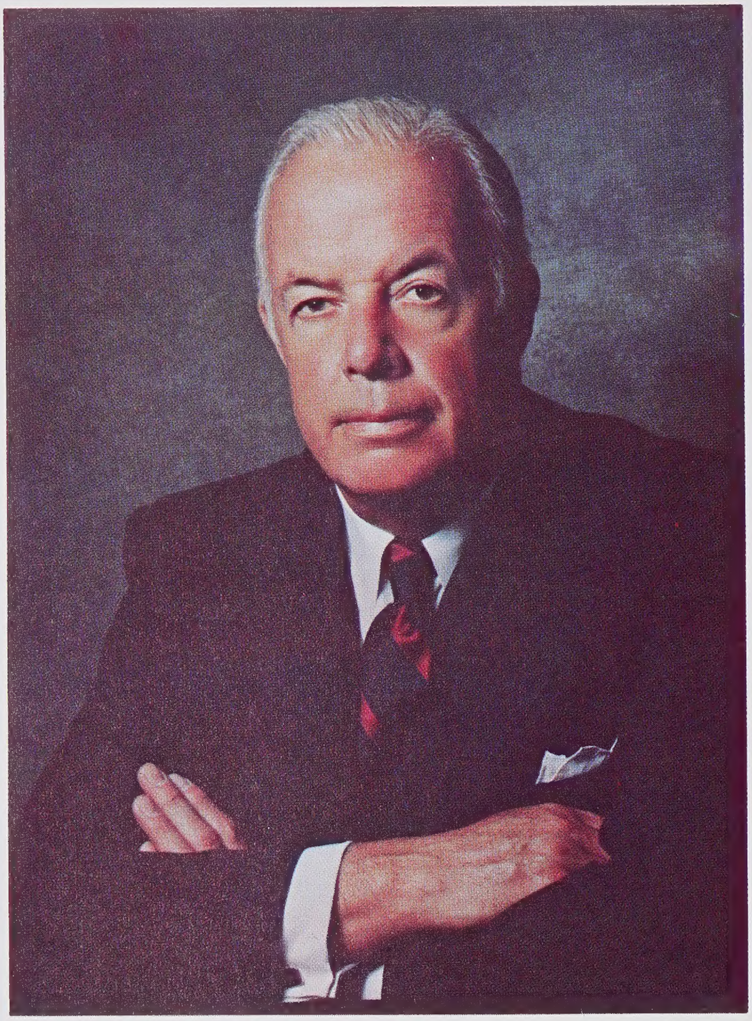
Financial Highlights

	1977	1976
Total revenues	$48,612,000	$125,093,000
Net income	$ 1,262,000	$ 2,819,000
Earnings per share	15.3¢	34.0¢
Shareholders' equity	$19,421,000	$ 18,156,000
Cash flow from operations	$ 4,566,000	$ 5,576,000

Market price range per share (high/low per quarter ended):

	1977	1976
March 31	$2.75 - $1.90	$3.20 - $2.40
June 30	$3.75 - $2.24	$2.65 - $2.20
September 30	$3.70 - $3.00	$2.40 - $1.50
December 31	$3.40 - $2.80	$2.31 - $1.50



J. M. Bankes, Chairman

V. N. Osadchuk, President

To Our Shareholders

In 1977, gross revenues totalled $48,612,000 compared to $125,093,000 for the year ended December 31, 1976. Net income for the year ended December 31, 1977 amounted to $1,262,000 or 15.3¢ per share compared to $2,819,000 or 34.0¢ per share for 1976. Decreases reflected in 1977 were primarily attributable to the completion in 1976 of Section 2 of the Trans Alaska Pipeline Project. As previously reported to you, the 1977 results were favourably impacted by the resolution with the owner of the Alaskan project certain outstanding contractual matters.

Your Company's financial strength showed further improvement during the year and at December 31, 1977, the consolidated working capital amounted to $13,127,000. This strong liquid position permits the Company to participate in contracts of size and, at the same time, will allow the Company to examine desirable opportunities to diversify into other areas.

Large diameter pipeline construction in Canada was at a relatively low level of activity throughout 1977. As a result, competition for projects tendered upon during this period proved to be intense. Notwithstanding the highly competitive market and the inclement weather experienced during the summer construction season, your Company's performance can be described as reasonably satisfactory. For the ensuing year, we do not foresee any great increase in the demand for the services offered by your Company, but as in the past, we shall pursue aggressively such work as may become available. It is encouraging to report that recently your Company was awarded two contracts for pipeline work in northern British Columbia, having a combined value in excess of $35,000,000.

Due in part to the apparent increased level of pipeline construction activity in the United States during the past year, your Company, in a 50% joint venture with a U.S. contractor, was successful in obtaining a sizeable amount of work in 1977 in that country. However, unusually wet weather caused these operations to be only marginally successful from a cash flow point of view, and indeed from a profit standpoint, were not successful. Projected pipeline construction, activities in the United States in 1978 appear to be higher than in 1977 and your company expects to participate provided we can foresee a reasonable opportunity for profitable operation.

J. L. Cox & Son, Inc. experienced a more active year in 1977 than 1976 and exceeded annual profit projections. We are hopeful that this situation will continue throughout 1978. Falcon Transport Ltd. achieved lower revenues in 1977 than 1976 primarily due to the slow down in exploration activities in the Canadian Arctic. Further reductions in revenue during 1978 are anticipated as the oil and gas exploration companies continue to downgrade their efforts in these remote areas, primarily as a result of the aborted plans for a MacKenzie valley pipeline.

Your company successfully completed its pipeline construction contract in India in 1977. Also, during 1977, the Company submitted tenders on a selective basis for pipeline construction work in the Middle East, but without success. Notwithstanding the fierce competition for work internationally, your Company continues to monitor opportunities on a world-wide scale and will tender for work which can be competitively priced and will produce acceptable profit margins.

Undoubtedly, the most promising news in 1977 was the approval in principle given to the Alaska Highway Pipeline Project by both the Canadian and United States authorities. The total system, excluding the Dempster lateral, tentatively calls for the construction of approximately 730 miles of 48" line in Alaska, approximately 2,000 miles of 36" to 48" line in Canada, and approximately 2,000 miles of 36" to 42" line in the lower United States. Construction activities could begin in 1979 and current plans envisage the flow of Alaskan gas by the end of 1983. Due to your Company's experience and expertise gained in the construction of various northern projects, including the Trans Alaska Pipeline Project, and its ownership of a substantial amount of large diameter construction equipment, we feel that your Company is well positioned to participate in these projects.

The Board of Directors of your Company wish to express their gratitude and good wishes to all of the many loyal and dedicated employees for their continuing contribution to the success of the Company. In addition, we are most appreciative of the valued assistance provided by our financial associates, co-venturers and shareholders.

V. N. Osadchuk, President

J. M. Bankes, Chairman

Review of the Year

Financial

Consolidated revenues for the year ended December 31, 1977 amounted to $48,612,000, a decrease of 61% from the year ended December 31, 1976. Net income for 1977 amounted to $1,262,000 or 15.3¢ per share, a decrease of 55% from the 1976 fiscal year. The reduction in revenues and net income during 1977, primarily resulted from the completion in late 1976 of the work relating to the Trans Alaska Pipeline Project. Included in the 1977 figures, however, is your Company's share of the amount received from the client relating to fee for additional scope of work and change orders, and additional equipment rentals, demobilization and repair costs for the construction equipment provided by the Company for this project.

Consolidated working capital showed a further increase during 1977 and totalled $13,127,000 at December 31, 1977. This represents a 65% increase over the 1976 year end amount and is primarily due to the cash flow generated from operations during the current year.

Total general and administrative expenses increased by $457,000 during 1977, primarily attributable to salaries and related costs of certain personnel who were engaged in Alaska in 1976 working on the Trans Alaska Pipeline Project, the comparable costs of which were properly included in cost of operations in 1976 instead of general and administrative expenses. In addition, the design, programming and computer rental costs relating to the installation of your Company's new accounting and control systems, are reflected in the 1977 increase.

The substantial increase in other income during 1977 is due to the gain on disposal of the spread of equipment surplus to the Company's requirements upon completion of the Dempster Highway Project. As well, the unrealized gain on translation of foreign currencies to Canadian dollars amounting to $279,000 is included therein.

One of the Company's large all terrain vehicles operating in the Canadian Arctic.

As part of its operations in the Arctic, the Company constructs ice roads to facilitate movement of supplies and equipment. Seen here are two of the units used to build such roads, replenishing their supply of water from a lake.

The operating results for the fourth quarter of the current year and for the year ended December 31, 1976 are summarized below:

	1977	1976
Revenue	$6,782,000	$15,037,000
Expenses (net of other revenue)	7,889,000	14,557,000
(Loss) Income Before Taxes	(1,107,000)	480,000
Income Taxes	(535,000)	521,000
Net (Loss)	$ (572,000)	$ (41,000)
Per Share	(6.9¢)	(.6¢)

Operating in the remote areas of the Canadian Arctic requires the use of many specialized pieces of equipment. Shown here is one of six Company owned "desert trucks", huge vehicles used for transportation, in this instance moving a D9 tractor with the dozer blade and ripper attached.

The loss sustained during the period October 1, 1977 to December 31, 1977 is due to the very poor weather that occurred in Canada and the United States which adversely affected the projects in progress during that period. In addition, the relatively low level of activity unfavourably impacted profitability. The net loss for the fourth quarter of 1976 was directly attributable to the finalization at year end of the total income tax expense for that year.

Construction

During 1977, your Company was awarded contracts in Canada for the construction or re-rating of approximately 105 miles of 12" to 36" pipeline and for the hauling and stringing of approximately 53 miles of 20" to 42" pipeline. All of this work has been completed. Subsequent to the year ended December 31, 1977, your Company has been awarded contracts in northern British Columbia for the construction of approximately 196 miles of pipeline facilities. This recently awarded work should be completed by the fourth quarter of 1978.

Your Company, in a 50% joint venture with an experienced United States pipeline contractor, was awarded contracts during 1977 in that country for the construction of approximately 413 miles of 6" to 20" pipeline. In addition, your Company through its wholly-owned subsidiary, J. L. Cox & Son, Inc., was awarded contracts for the hauling and stringing of approximately 518 miles of 8" to 30" pipeline in the United States. In Alaska, your Company was awarded a contract for the clearing and grubbing relating to a planned extension of the Anchorage, Alaska airport. With the exception of one pipeline construction job, all of this work had essentially been completed by year end.

Falcon Transport Ltd., your Company's wholly-owned subsidiary engaged in providing support services for oil and gas exploration in remote areas, was moderately active in 1977. During the year, Falcon's experienced personnel utilizing conventional and specialized equipment were at work in the Mackenzie Delta region of the Northwest Territories for two major oil and gas exploration and development companies.

Your Company, as technical advisor and consultant to a Government of India public sector company, successfully completed a pipeline construction project in India during 1977. Located in the state of Assam in northeastern India, the 131 mile 16" oil pipeline was built in two sections to loop an existing line placed in service in 1961. The Company's participation in this project included the provision of specialized pipeline construction equipment, and management, supervisory and certain construction personnel. All personnel have been returned, and the construction equipment is in the process of being returned, to Canada.

Cleaning and priming the pipe for the project in India. The all-Indian crew is seen working here within close proximity to the dense growth common to this area.

Management

Your Company's Board of Directors was pleased to announce the appointment of Mr. John E. Maybin to the Board effective September 13, 1977. Mr. Maybin is the Chairman of the Board and Chief Executive Officer of Canadian Utilities Limited and is, as well, serving on the board of several well known publicly held companies in Canada.

Effective November 30, 1977, the Executive Vice President of the Company resigned to accept the Presidency of one of our competitors. Suitably qualified candidates are currently being interviewed in order for your Board to be in a position to appoint a Senior Vice President at an early date.

Continuation in Ontario

The shareholders of the Company passed a special resolution at the Annual General Meeting of Shareholders on April 26, 1977 authorizing the transfer of the provincial jurisdiction from Alberta to Ontario. In accordance with such special resolution, appropriate documents have been filed which makes your Company an Ontario company effective December 19, 1977. No change in the location of the principal office of the Company from Alberta is being considered.

One of the Company's ditching machines digging the trench for the pipeline in northeastern India. Joints of pipe have been strung out beside the trench awaiting the arrival of the bending and welding crews.

The massive automotive and railway bridge spanning the Brahmaputra River near Gauhati, Assam. Company crews installed the pipeline on this bridge, the only crossing of this mighty river, considered to be one of the most sacred in India.

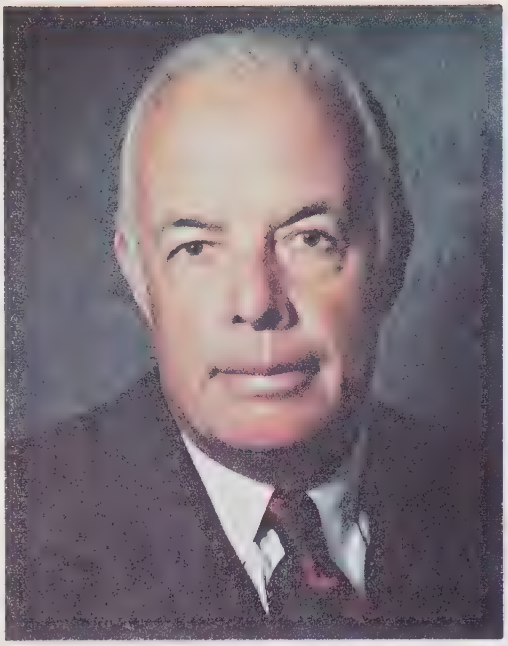
Company crew working on Section 2 of the Alaska project preparing to lower-in and tie-in the 48" pipe utilizing fourteen 594 Caterpillar sideboom tractors

Close up view of a cleaning and coating machine applying coating to the 48" pipe utilized by the Company during the construction of the Trans Alaska Pipeline Project.

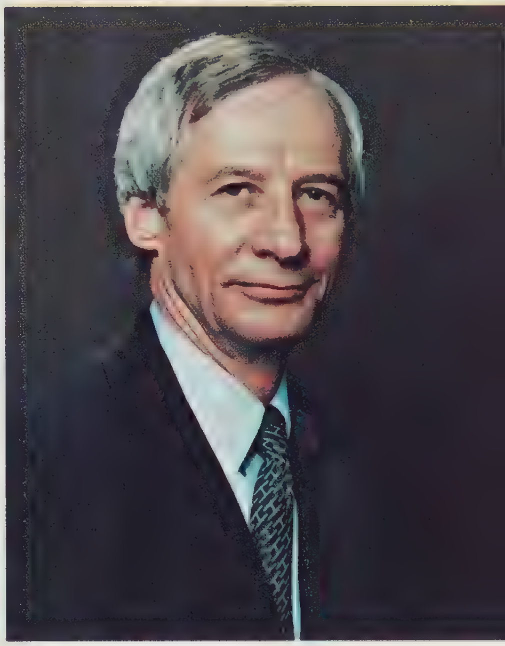
Clearing the pipeline right of way can be a major undertaking, as shown by this photograph of a Company constructed pipeline project in Northern Alberta

The longest pipeline aerial suspension crossing carrying 48" pipe in the free world. Built by the Company for Alyeska Pipeline Service Company, the 1,200' span carries North Slope crude oil across the Tanana River.

Board of Directors





J. M. Bankes
Chairman of the Board of the Company
Consultant, A. E. Ames and Company Limited
Ontario Director, Canadian Schenley Distillers Ltd.

J. B. Barber (1)
Retired Executive
Formerly Vice Chairman of the Board and Senior Vice President, The Algoma Steel Corporation, Limited

J. E. Maybin (1)
Chairman of the Board and Chief Executive Officer, Canadian Utilities Limited

V. N. Osadchuk
President and Chief Executive Officer of the Company

D. B. Perini
President, Chief Executive Officer and Acting Chairman of the Board, Perini Corporation

R. H. Walker (1)
Financial Consultant

(1) Member of the Audit Committee of the Board of Directors of the Company

Auditors' Report

TO THE SHAREHOLDERS OF
MAJESTIC WILEY CONTRACTORS LIMITED:

We have examined the consolidated balance sheet of Majestic Wiley Contractors Limited (an Ontario corporation) and its subsidiaries as of December 31, 1977 and 1976 and the related consolidated statements of income, retained earnings and changes in working capital for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of Majestic Wiley Contractors Limited and its subsidiaries as of December 31, 1977 and 1976 and the results of their operations and the changes in their working capital for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Calgary, Alberta
February 9, 1978

ARTHUR ANDERSEN & CO.
CHARTERED ACCOUNTANTS

Consolidated Balance Sheet

As At December 31, 1977
(with 1976 figures for comparison)

Assets

	1977	1976
Current Assets:		
Cash, including certificates of deposit of $8,062,000 (1976 - $8,941,000)	$ 8,279,000	$ 8,799,000
Accounts receivable	3,965,000	3,294,000
Unbilled work (Note 1(b))	1,987,000	3,724,000
Income taxes refundable	256,000	—
Equity in construction joint ventures, at underlying book value (Note 1(e))	1,105,000	1,743,000
Prepaid expenses	119,000	127,000
Total current assets	15,711,000	17,687,000
6% Mortgage Receivable, due September 15, 1987	50,000	—
Property And Equipment, at cost (Note 1(c)):		
Land	23,000	23,000
Buildings	933,000	907,000
Construction equipment	34,625,000	37,780,000
Other	100,000	196,000
	35,681,000	38,906,000
Less accumulated depreciation	23,359,000	22,909,000
Net property and equipment	12,322,000	15,997,000
Operating Authorities And Incorporation Expenses, at cost	193,000	193,000
	$28,276,000	$33,877,000

APPROVED BY THE BOARD:

Director

Director

The accompanying notes are an integral part of the consolidated financial statements.

Liabilities and Shareholders' Equity

	1977	1976
Current Liabilities:		
Accounts payable	$ 1,988,000	$ 448,000
Accrued liabilities	438,000	812,000
Advance payment on contract in progress (Note 2)	—	1,374,000
Deferred contract revenue (Note 1(b))	105,000	1,194,000
Income taxes payable	—	5,843,000
Current portion of long-term debt (Note 3)	53,000	49,000
Total current liabilities	2,584,000	9,720,000
Long-Term Debt (Note 3)	3,073,000	3,116,000
Deferred Income Taxes (Note 1(d))	3,198,000	2,885,000
Shareholders' Equity:		
Capital stock (Note 4):		
Authorized - 20,000,000 shares without nominal or par value		
Issued and fully paid - 8,273,199 shares (1976 - 8,269,866 shares)	7,818,000	7,815,000
Contributed surplus	3,082,000	3,082,000
Retained earnings	8,521,000	7,259,000
Total shareholders' equity	19,421,000	18,156,000
	$28,276,000	$33,877,000

Consolidated Statement of Income

For The Year Ended December 31, 1977
(with 1976 figures for comparison)

	1977	1976
Revenues (Notes 1(b) and 1(e))	$48,612,000	$125,093,000
Cost of Operations (Notes 1(b) and 1(e))	45,010,000	117,699,000
Gross Profit From Operations	3,602,000	7,394,000
General And Administrative Expenses	2,157,000	1,700,000
Income From Operations	1,445,000	5,694,000
Other Items:		
Interest on long-term debt	(231,000)	(240,000)
Other income and expenses, net (Note 1(f))	1,195,000	544,000
Total other items	964,000	304,000
Income Before Income Taxes	2,409,000	5,998,000
Provision For Income Taxes (Note 1(d))	1,147,000	3,179,000
Net Income	$ 1,262,000	$ 2,819,000
Earnings Per Share (Note 1(g)):		
On weighted average number of shares outstanding (1977 — 8,272,220 shares; 1976 — 8,269,793 shares)	15.3¢	34.0¢

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Retained Earnings

For The Year Ended December 31, 1977
(with 1976 figures for comparison)

	1977	1976
Balance, Beginning of Year	$7,259,000	$4,440,000
Net Income	1,262,000	2,819,000
Balance, End of Year	$8,521,000	$7,259,000

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Working Capital

For The Year Ended December 31, 1977
(with 1976 figures for comparison)

	1977	1976
Source of Working Capital:		
Net income	$ 1,262,000	$ 2,819,000
Depreciation	3,327,000	3,871,000
Deferred income taxes	313,000	(1,090,000)
(Gain) on disposal of property and equipment	(336,000)	(24,000)
Provided by operations	4,566,000	5,576,000
Disposals of property and equipment	1,488,000	283,000
Proceeds from stock options exercised	3,000	4,000
Working capital provided	6,057,000	5,863,000
Use of Working Capital:		
Additions to property and equipment	804,000	1,159,000
Reduction of long-term debt	43,000	2,093,000
Mortgage receivable	50,000	—
Working capital used	897,000	3,252,000
Increase In Working Capital	5,160,000	2,611,000
Working Capital, Beginning Of Year	7,967,000	5,356,000
Working Capital, End Of Year	$13,127,000	$ 7,967,000

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

December 31, 1977 And 1976

1. Summary of Accounting Principles

a) Principles of Consolidation

The consolidated financial statements are expressed in Canadian dollars and include the accounts of Majestic Wiley Contractors Limited and its subsidiaries, all of which are wholly-owned.

All significant intercompany transactions and balances have been eliminated in consolidation.

b) Method of Accounting for Income on Contracts

Profits from construction contracts are recognized on the percentage of completion basis. The percentage of completion is determined by relating the actual cost of work performed to date, to the current estimated total cost of the respective contracts. When the current estimated costs to complete indicate a loss, such losses are recognized immediately for accounting purposes. Income from claims is recorded in the periods such claims are resolved.

Unbilled work represents the excess of contract costs and profits recognized to date, on the percentage of completion accounting method, over billings to date. Deferred contract revenue represents the excess of billings to date, over the amount of contract costs and profit recognized to date, on the percentage of completion accounting method.

c) Depreciable Property and Equipment

Depreciation has been provided on the declining-balance method for approximately 79% of the depreciable property and on the straight-line method for the remaining 21%. The estimated lives used are as follows:

Buildings and Improvements	10 to 25 years
Construction Equipment	3 to 10 years
Other Equipment	10 years

d) Income Taxes

The tax effects of all income and expense transactions are included in each year's consolidated statement of income regardless of the year the transactions are reported for tax purposes.

The deferred income taxes arise primarily from the difference between the depreciation claimed for tax purposes and the depreciation recorded in the accounts.

e) Joint Ventures

Investments in joint ventures are accounted for on the equity basis whereby investments are carried on the consolidated balance sheet at cost plus the Company's share of net income to date less cash distributions. Included in equity in joint venture as at December 31, 1976 was a 6% note receivable due December 29, 1977 from Perini Corporation, which note was received by the Company as a partial non cash distribution from a joint venture. This note and interest accruing to date of payment, was paid during 1977.

The Company's pro rata share of revenue and expenses and changes in working capital have been included in the consolidated statements as follows:

	1977	1976
INCOME STATEMENT		
Revenues	$12,302,000	$102,665,000
Cost of Operations	11,914,000	98,394,000
Gross Profit From Operations	$ 388,000	$ 4,271,000
FUNDS STATEMENT		
Provided by Operations	$ 388,000	$ 4,271,000

f) Foreign Exchange Accounting

The accounts of the Company, its foreign subsidiary and joint ventures denominated in foreign currencies have been translated into Canadian dollars as follows:

i) as to current assets, except for prepaid expenses, current liabilities except for deferred income, and long-term debt, at the exchange rate prevailing at year end.

ii) as to prepaid expenses, deferred income, property and equipment including accumulated depreciation and deferred income taxes, at the approximate rate of exchange prevailing at the time the transaction occurred.

iii) as to revenues and expenses, the average rate of exchange for the year except for items relating to balance sheet accounts that are translated at historical exchange rates.

All translation gains and losses are included in the consolidated statement of income (1977 — gain of $279,000; 1976 — NIL).

g) Earnings Per Share

Earnings per share have been computed in accordance with generally accepted accounting principles applicable in Canada and are calculated by dividing net income by the weighted average number of common shares outstanding during each year.

2. Advance Payment On Contract In Progress

Under the terms of a contract, a client advanced $1,600,000 prior to the commencement of work. Such advance payment was secured by an irrevocable letter of credit to the client in the amount of the advance. Both the advance payment and the amount of the letter of credit were reduced on a proportional basis upon the payment of monthly progress billings by the client.

3. Long-Term Debt

	1977	1976	Rate of Interest
Lease purchase contract, repayable at $4,909 U.S. per month (principal and interest)	$ 74,000	$ 111,000	13.32%
Mortgage payable, due in annual installments of $6,000 U.S. plus interest	52,000	54,000	8%
Convertible debenture payable to major shareholder (Perini Limited), due March 1, 1980	3,000,000	3,000,000	7%
	3,126,000	3,165,000	
Due within one year	53,000	49,000	
	$3,073,000	$3,116,000	

The lease purchase contracts are collateralized by the pledge of specific equipment (cost $219,000).

The mortgage payable is secured by the land and improvements of a subsidiary company (cost $90,000).

The 7% convertible debenture is unsecured and is convertible into 300,000 shares without nominal or par value at any time prior to March 1, 1980.

Payments on long-term debt over the next five years are as follows:

1978	$ 53,000
1979	34,000
1980	3,007,000
1981	7,000
1982	7,000
	$3,108,000

4. Capital Stock

Majestic Wiley Contractors Limited has a stock option plan whereby certain key employees have been granted options exercisable during the period of five years from the date of the grant at a rate of 20% of the total optioned shares per year on a partially cumulative basis. Following is a synopsis of transactions and events which affected the number of shares held under option agreements during the year ended December 31, 1977:

Date Option Granted	Price Per Share	Opening Balance	Options Exercised	Options Expired Or Revoked	Closing Balance
May 1, 1974	$3.74	86,226	—	31,232	54,994
July 24, 1974	$3.69	5,600	—	1,200	4,400
December 9, 1974	$1.148	10,000	3,333	6,667	—
October 27, 1975	$2.12	7,820	—	1,380	6,440
		109,646	3,333	40,479	65,834

As of December 31, 1977, the following shares of the Company have been set aside for possible issue:

For possible exercise of existing stock options	65,834
For possible future stock options	6,936
For possible conversion of 7% convertible debenture	300,000
	372,770

Exercise of all stock options and conversion of the 7% debenture would not significantly dilute earnings per share.

5. Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid to the Directors and Senior Officers for the years ended December 31, 1977 and 1976 is as follows:

	1977		1976	
	Amount	Number	Amount	Number
Directors who are not Senior Officers	$ 5,000	4	$ 6,000	3
Directors who are also Senior Officers	318,000	3	265,000	3
	323,000	7	271,000	6
Senior Officers who are not Directors	179,000	5	369,000	5
	$502,000	12	$640,000	11

6. Employee Benefit Plans

a) During 1978, the Company will be amending its pension plan which covers executive, professional, administrative and clerical employees, subject to certain specified requirements. The amendment increases potential benefits upon retirement to a maximum of 50% of the average of the highest five years' salary for each employee. Upon amendment of the pension plan, it is estimated that the unfunded past service liability will be approximately $300,000 (1976 — $313,000 for the existing pension plan) which will be paid and charged to operations in equal annual amounts of approximately $34,000 over the next 15 years. For the year ended December 31, 1977, the total cost of the pension plan is $77,000 (1976 — $107,000).

b) The Company has a deferred profit sharing plan and an incentive compensation plan for certain key employees which provide for payments to be made to or on behalf of such employees based on the profitability of the Company. As at December 31, 1977, an amount of $167,000 (1976 — $204,000) has been charged to income under the terms of these plans. Effective January 1, 1978, the deferred profit sharing plan will be terminated.

7. Continuation In Ontario

Pursuant to a special resolution passed by the shareholders on April 26, 1977, the Company filed the appropriate documents to transfer its jurisdiction from the Province of Alberta to the Province of Ontario. Such Continuation was effective as of December 19, 1977.

8. Contingencies

a) An action was filed in January, 1976 against a pipe manufacturer and the Company in the amount of $7,000,000 for alleged breach of contract relating to construction methods which allegedly did not produce a satisfactory quality of work. Management is of the opinion that the suit is without merit and has instructed legal counsel to enter its defense accordingly. The insurers are defending the action up to a maximum coverage of $5,000,000.

b) The Company has filed a substantial claim against a client and is currently engaged in examinations for discovery in connection therewith. Legal counsel is of the opinion that because of revised project requirements, the Company is entitled to revised unit prices, or failing agreement on such, to calculate the contract price on a "cost plus" basis. The amount of any additional revenue that may be received cannot be accurately determined at this time.

c) Other contingent liabilities include the usual liability of contractors for performance and completion of both Company and joint venture construction contracts.

9. Federal Anti-Inflation Legislation

On October 14, 1975, the Canadian Federal Government announced extensive controls on wages, prices, and dividends. The wage and price controls, to which the Company and its subsidiaries are subject, will be in effect until December 31, 1978.

Dividend payments are controlled under the guidelines for the period October 14, 1977 to October 13, 1978. During this period, dividends cannot exceed $883,000.

In the opinion of management, the Company has complied with all of the regulations of the legislation.

Summary of Consolidated Balance Sheets

(in thousands of dollars)

	1977	1976	1975	1974
Current assets	$15,711	$17,687	$10,824	$ 9,002
Less current liabilities	(2,584)	(9,720)	(5,468)	(6,251)
Working capital	13,127	7,967	5,356	2,751
Mortgage receivable	50	—	—	—
Net property and equipment	12,322	15,997	18,968	21,964
Operating authorities and incorporation expenses	193	193	193	194
Less:				
Long-term debt	(3,073)	(3,116)	(5,209)	(9,200)
Deferred income taxes	(3,198)	(2,885)	(3,975)	(3,920)
Shareholders' equity	$19,421	$18,156	$15,333	$11,789

Summary of Consolidated Income Statements

(in thousands except for per share amounts)

	1977	1976	1975	1974
Revenues	$48,612	$125,093	$108,106	$32,049
Cost of operations	45,010	117,699	98,582	30,871
Gross profit from operations	3,602	7,394	9,524	1,178
General and administrative expenses	2,157	1,700	1,861	2,078
Income (loss) from operations	1,445	5,694	7,663	(900)
Other income and (expense), net	964	304	(453)	(88)
Income (loss) before income taxes	2,409	5,998	7,210	(988)
Income taxes	1,147	3,179	3,676	99
Net income (loss)	$ 1,262	$ 2,819	$ 3,534	$ (1,087)
Earnings (loss) per share	15.3¢	34.0¢	42.7¢	(13.1¢)
Weighted average shares outstanding	8,272	8,270	8,262	8,255

Note:
Majestic Wiley Contractors Limited was formed by amalgamation effective May 1, 1974. The above income statement for the year ended December 31, 1974 is unaudited and has been re-stated to reflect operations both prior to and subsequent to amalgamation during 1974.

Corporate Information

Officers:
J. M. Bankes, Chairman of the Board of Directors
V. N. Osadchuk, President and Chief Executive Officer
G. S. Hagglund, Vice President, Finance
J. K. Halladay, Secretary-Treasurer
L. G. Wasylynchuk, Comptroller

Transfer Agent And Registrar:
Montreal Trust Company, Calgary and Toronto

Stock Exchange Listing:
The Toronto Stock Exchange (symbol MWC)

Auditors:
Arthur Andersen & Co., Chartered Accountants

Company Offices:
Majestic Wiley Contractors Limited
10120 - 118 Street
Edmonton, Alberta, Canada T5K 1Y4
(403) 482-5921

P.O. Box 24A
R.R. No. 1, South Edmonton, Alberta, Canada T6H 4N6
(403) 988-6561

½ Mile Nistler Road
P.O. Box 567
Delta Junction, Alaska, U.S.A. 99737

Falcon Transport Ltd.
10120 - 118 Street
Edmonton, Alberta, Canada T5K 1Y4
(403) 482-5921

J. L. Cox & Son, Inc.
777 Action Street
Odessa, Missouri, U.S.A. 64076
(816) 633-7526

Annual General Meeting:
All shareholders are invited to attend the
Annual and General Meeting of Shareholders to be
held May 5, 1978 at 10:00 A.M. (local time)
in the Alberta Room of the Royal York Hotel, Toronto, Ontario, Canada.

MAJESTIC WILEY

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